Votes & Proceedings of the Sixteenth Parliament

No. 3

First Sitting of the Third Meeting Wednesday, 26th November 2004

2.00 p.m.

- 1. The House met at 2.00 p.m. in accordance with the resolution made on Tuesday, 2nd November 2004.
- 2. The Hon. Vassal Gadoengin, M.P., Speaker of Parliament, took the Chair and read Prayers.
- 3. The Chair informed the House of the necessity of nominating members for the Constitutional Review Committee, and called for nominations.

The Hon. David Adeang (Minister for Finance) nominated the Hon. Dr. Kieren Keke (Minister for Health) to be a member of the Committee.

The Hon. Frederick Pitcher (Minister for NPRT) seconded.

The Hon. Dr. Kieren Keke accepted the nomination.

The Hon. David Adeang (Minister for Finance) nominated Mr. Kun (Buada) to be a member of the Committee.

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

Mr. Kun accepted the nomination.

The Hon. David Adeang (Minister for Finance) nominated Mr. Batsiua (Boe) to be a member of the Committee.

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

Mr. Batsiua accepted the nomination.

The Hon. David Adeang (Minister for Finance) nominated the Hon. Godfrey Thoma (Minister for Justice) to be a member of the Committee.

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

The Hon. Godfrey Thoma accepted the nomination.

The Hon. David Adeang (Minister for Finance) nominated the Hon. Frederick Pitcher (Minister for NPRT) to be a member of the Committee.

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

The Hon. Frederick Pitcher accepted the nomination.

The Hon. David Adeang (Minister for Finance) nominated Mr. Akua

(Anabar/Ijuw/Anibare)) to be a member of the Committee.

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

Mr. Akua accepted the nomination.

The Hon. David Adeang (Minister for Finance) nominated Mr. Adam (Buada) to be a member of the Committee.

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

Mr. Adam accepted the nomination.

The Hon. David Adeang (Minister for Finance) nominated Mr. Jeremiah (Meneng) to be a member of the Committee.

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

Mr. Jeremiah accepted the nomination.

The Hon. Dr. Kieren Keke (Minister for Health) nominated the Hon. David Adeang (Minister for Finance) to be a member of the Committee.

The Hon. Frederick Pitcher (Minister for NPRT) seconded.

The Hon. David Adeang accepted the nomination.

There being no further nominations, the Hon. Dr. Kieren Keke, Mr. Kun, Mr. Batsiua, Hon. Godfrey Thoma, Hon. Frederick Pitcher, Mr. Akua, Mr. Adam, Mr. Jeremiah and the Hon. David Adeang were duly appointed members of the Constitutional Review Committee.

4. Statement From the Chair

The Hon. Vassal Gadoengin, Speaker of Parliament, made the following statement on House Committee Recommendations, to the House -

"Honourable Members of the House, I have the pleasure to inform the august House that the House Committee of the Parliament has been constituted and it held its inaugural meeting on 5th November 2004 which was chaired by me.

In this meeting several recommendations were made by the House Committee such as televising proceedings of the Committee meetings, proposal for commencing a cafeteria in the Members' dining room and a bar setting up a sales counter for parliamentary souvenirs, pricing all parliamentary publications including the Committee reports, consolidating appointment of Sergeant-at-Arms, providing better amenities for Members services, group photograph for the Sixteenth Parliament, issuing press releases after every Parliament meeting, etc. All such recommendations will be laid before the House in the First Report of the House Committee.

I hope the Members will deliberate and contribute on those recommendations. Thank you."

5. Statement from the Chair

The Hon. Vassal Gadoengin, M.P., Speaker of Parliament, made a statement to the House on the Appointment of Parliamentary Counsel, as follows:

"Honourable Members, I am privileged to inform this House that consequent to the unanimous decision of the House Committee of the Parliament of Nauru and by virtue of the powers vested in me as the Speaker of Parliament, Mr. Sanjeev Sharma has been appointed as the Parliamentary Counsel with effect from 5th November 2004. This post was lying vacant for more than 5 years now and Mr. Sharma was acting in that capacity from 31st May 2004.

He is an officer on deputation from the Lower House of the Parliament of India, the Lok Sabha. The House Committee has found him an officer of outstanding merits having a graduate degree in commerce and accounts and a Master's degree in economics ans sociology. He was inducted in the Public Service of India in the year 1990 with a national level competition securing 6th position in the overall merit. He was trained for the parliamentary job by the Bureau of Parliamentary Studies and Training, New Delhi, which is an institution of international repute. Having an experience of 14 years in the parliamentary work, I hope our Parliament will be benefitted by his contribution.

All the Members of the House are free to avail the services of the new Parliamentary Counsel for all their parliamentary work such as questions, motions, Bills, etc. and for other parliamentary devices during the office hours and in exigencies after the office hours as well. Thank you."

6. **Statement from the Chair**

The Hon. Vassal Gadoengin, M.P., Speaker of Parliament, acknowledged the presence of the Secretary to the Forum Presiding Officerrs Conference and made the following statement:

"Honourable Members of the House, it is my pleasure to inform this august House that Mr. Mose Saitala, Secretary to the Forum Presiding Officers Conference (FPOC) is in Nauru to conduct the Legislative Needs Assessment (LNA) for the Parliament of Nauru. This LNA was agreed upon during the previous Parliament also consequent to the visit of the 6 Speakers from Forum member countries in August 2004.

It is my hope that this LNA will suggest ways and means for strengthening the democratic processes and instil transparency and good governance in our Parliament. The consultations on the LNA will be held on Friday, 26th November 2004. Subsequently, the report will be presented to us for laying in the House. I hope that all Members will avail of this opportunity to co-operatively assist in the strengthening our parliamentary processes.

This House also acknowledges the presence of Mr. Mose Saitala in the public gallery and wishes him a pleasant stay on the island and all success in his work."

7. **Message From the President**

His Excellency President Ludwig Scotty, M.P., presented the following message to the House -

"Mr. Speaker, Honourable Members, I wish to make a statement to the House on the conclusion of the arrangements for air services between Nauru and the Marshall Islands.

On 18 November 2004, a Memorandum of Understanding (the 'MOU')was concluded between Nauru and the Marshall Islands. It was signed on behalf of Nauru by Mr. Alf Itsimaera, a Director of the Department of Foreign Affairs, on the authority of Cabinet.

The Hon. Michael Konelios, Minister of Transport and Communications, signed on behalf of the Marshall Islands.

This is the final act in the process of the negotiations that began in October 2003 between our two countries.

On July 12, 2004 the air service agreement that formally established the air services arrangements was signed by the Acting Chief Secretary, Camilla Itsimaera, on Nauru's behalf. The Hon. Michael Konelios signed on behalf of the Marshall Islands.

On the same day that the air service agreement was signed, air services by Air Nauru commenced between the two countries. The services were conducted under an 'interim MOU' that was extended until 30 November 2003. The interim arrangements allowed Air Nauru to operate whilst the permanent arrangements under the MOU's were being negotiated between the two countries.

On Tuesday, 16 November 2004 a Nauru delegation, led by Chairman Mr. Leo Keke met with the Marshall Islands delegation to finalise and conclude the terms and provisions of the MOU, the result of the meeting was highly successful. It was conducted in an environment of friendship and co-operation between the two small island states of Nauru and Marshall Islands.

The MOU contains all the elements that Nauru was seeking during the negotiations. The MOU covers matters such as capacity, frequency, route, aircraft type and other operational and commercial details.

The key elements of the MOU are -

- (i) designation of Air Nauru as the designated airline of the Marshall Islands and the route Majuro to Tarawa and return.
- (ii) the grant to Air Nauru of full traffic rights and beyond traffic rights from Majuro to Nadi and return.
- (iii) provision for code share agreement between Air Nauru and Air Marshall Islands on the Majuro/Tarawa sector, on terms acceptable to Nauru and the Marshall Islands.
- (iv) continuous use of Air Nauru's B737-400 aircraft in and out of Majuro.

Importantly, the MOU does not contain any commercial restrictions on Air Nauru and there are none that are unacceptable to Nauru and Air Nauru.

The MOU, instead, offers Air Nauru full commercial flexibility to sell passenger and cargo capacity in and out of Majuro to and from all destinations on Air Nauru's network.

Mr. Speaker and Honourable Members, the arrangements would allow easy

access for our Central Pacific region to the area north of Nauru. The new route would enable Air Nauru to develop new markets and other commercial opportunities to further enhance its viability as an airline.

It would also re-open the Micronesian region to the south west Pacific and other parts of the South Pacific since 2002 when Air Nauru ceased operations to Manila via Micronesia via Guam.

Mr. Speaker, I am confident that the new service will benefit all travellers to, from and within our region and further, will enhance our relations with countries in Micronesia and North beyond.

Thank you."

Mr. Harris (Aiwo) moved that the paper be noted.

7. **Questions Without Notice** were asked.

8. Ministerial Statements & Tabling of Papers

(i) The Hon. Dr. Kieren Keke (Minister for Health) made the following statement and laid the Parliament of Nauru (Register of Interests) Regulations 2004:-

"Mr. Speaker and Honourable colleagues, the Parliament of Nauru (Register of Interests) Act 2004 was certified by the Speaker of Parliament on 21st May 2004 and in accordance with Section 2 of the Act, it came into operation on the 1st day of September 2004.

The main purpose of this Act is to provide for the establishment and maintenance of a register of interests of Members of Parliament. This is common practice in most democratic Parliaments. The register provides a further mechanism to boost accountability of those persons in high public office. From time to time concerns are raised about potential conflicts of interests with Members' work as servants of the people and possible personal gains they may receive because of their office or the work they do. Having a register of interests provides one way of holding Members of Parliament accountable for the money or income they receive, interest they have in companies, trusts and other bodies, land and property they own, gifts they receive and who pays for their travel.

Although the forms may not in every instance require the disclosure of an interest of a Member's family, it is important to make it clear to Members that the Act requires that neither Members nor their families materially benefit from the exercise of their public duties and as such any such interest that may even only appear to be a benefit or possible conflict of interest, must be declared.

The Parliament Secretariat has submitted the prescribed forms in accordance with Sections 5 and 6 of the Act and the forms have been incorporated in the attached Regulations which were approved by Cabinet. Upon the tabling of the Regulations, the Clerk of Parliament may then circulate the forms to Members and Members will have 30 days in which to complete and return the forms to the Clerk.

There are three different forms. The first form is the Primary Return which is designed for new Members to submit within one month of their election and that provides

the baseline audit of their interests. The second form is the Ordinary Return which all Members will submit once a year and that provides an audit of the Member's interests at that time and for the preceding year or since they last submitted a return. The third form is an Amended Return and is to be used by Members to provide any updates, additions, amendments or deletions to their information in the Register if there are any changes.

As this is the first time the Act has come into operation and the first time the forms will be circulated to Members, all Members will be required to submit a Primary Return regardless of whether they are a newly elected Member or a re-elected Member, within 30 days of today.

I hereby table in the House the Parliament of Nauru (Register of Interests) Regulations 2004."

(ii) The Hon. Dr. Kieren Keke (Minister for Health) made the following statement on the "Expanded Terms of Reference of the NCC":-

"Mr. Speaker and Honourable Members, in accordance with the Cabinet submission approved on 10th November 2004, it is my duty to update the House of the expanded terms of reference of the 'National Co-ordinating Committee on Anti-money Laundering and Countering the Financing of Terrorism' (NCC).

The NCC on AML/CFT was established by Cabinet on the 26th of August this year and has been active in addressing issues relating to money laundering and terrorism and has made good progress towards the eventual removal of the Republic from the list of Non Co-operative Countries and Terrorities (NCCT) of the Financial Action Task Force (FATF) of the Organisation for Economic Co-operation and Development (OECD).

The first achievement has been the lifting of counter-measures against Nauru by the FATF announced by the President of the FATF on the 22nd of October 2004. This is a significant achievement by the NCC as with only 2 months of dedicated hard work the NCC managed to achieve a result that former governments have been trying to achieve without success for over three years. It is the first time the FATF has acknowledged that Nauru is on the right track and is the first crucial step to having Nauru removed from the black list.

In addition to the noney laundering and the financing of terrorism, there are related issues of significant international importance such as transnational organised crime and the illicit trade in small arms, light weapons and weapons of mass destruction. At present the Republic does not have a focal point or co-ordinating agency specifically in relation to these issues.

In order to best co-ordinate Nauru's actions in relation to all these and related matters, Cabinet has approved the recommendation that the terms of reference of the NCC be broadened to cover these additional matters.

In recognition of the work already undertaken by Nauru's Permanent Representative to the United Nations and the close link that the Republic must maintain with various United Agencies in relation to these matters, Cabinet has also approved the recommendation that the membership of the NCC be expanded to include Nauru's Permanent Representative to the United Nations.

As Chairman of the NCC, I would like to table in the House the updated Terms of

Reference of the NCC that reflect these additions.

National Co-Ordinating Committee on Anti Money Laundering and Countering the Financing of Terrorism (NCC on AML/CFT)

<u>Terms of Reference</u> (updated to 10 November 2004)

A. **Background**

- 1. The Republic of Nauru having recognised that -
 - money laundering and the financing of terrorism are significant international issues;
 - The Financial Action Task Force (FATF) of the Organisation for Economic Co-operation and Development (OECD) has listed Nauru on the list of Non Co-operative Countries and Territories (NCCT) and the United States of America has placed sanctions on financial transactions of Nauru under the powers of the USA Patriot Act;
 - Co-ordinated action is needed to ensure Nauru's compliance with international standards against money laundering and the financing of terrorism and to ensure Nauru is removed from the NCCT list and that any financial sanctions are lifted; and
 - The Asia-Pacific Group on Money Laundering (APG) objectives, nature and membership, as outlined in its Terms of Reference, are such that membership remains beneficial to Nauru;

therefore established a National Co-ordinating Committee on Anti Money Laundering and Countering the Financing of Terrorism (NCC on AML/CFT) on the 26th day of August 2004.

2. The Republic of Nauru hereby updates the Terms of Reference of the NCC on AML/CFT to reflect a need for the Republic to have a focal body to co-ordinate actions in other related issues and an addition to the membership of the Committee.

B. Objectives

3. The NCC's objectives shall be to -

Policy Issues

- (a) Develop national policy on measures to counter money laundering and the financing of terrorism, transnational crime, and illicit trade in small arms, light weapons and weapons of mass destruction and related matters.
- (b) Co-ordinate national policies with regional and international initiatives.
- (c) Agree upon an action plan for the countering of money laundering and the financing of terrorism in Nauru.

Implementation and Compliance Issues

- (d) Ensure Nauru's compliance with -
 - FATF recommendations against money laundering, the financing of terrorism, transnational crime and related matters;
 - APG membership requirements; and
 - relevant United Nations conventions, resolutions, declarations and action plans against money laundering, the financing of terrorism,

transational crime, and illicit trade in small arms, light weapons and weapons of mass destruction

- (e) Develop and ensure the co-ordinated implementation of measures to counter money laundering based on the accepted international standards contained in FATF's 40 recommendations and/or any other relevant FATF or OECD recommendations.
- (f) Identify and remedy any overlap or discrepancy between the proposed system to counter money laundering and the existing system.
- (g) Create legislation and administrative structures for proper implementation of measures.
- (h) Ensure efficient and effective co-ordination of technical assistance and training.
- (i) Monitor the effectiveness of measures that have been implemented.

C. Meetings

4. The NCC will carry out these terms of reference as and when required through regular meetings.

D. Nature

- 5. The NCC is an inter-agency grouping, established by Cabinet on the 26th day of August 2004.
- 6. The lead agency is the Cabinet of the Republic of Nauru and decisions are to be made by agreement of member agencies.
- 7. Each agency is to be responsible for conducting relevant research, provision of information, reporting on progress, and implementation of NCC decisions within their respective jurisdictions.
- 8. Costs incurred by member agencies pursuant to NCC activities will be borne by each respective agency. However, costs incurred due to obligations of membership of the APG will be borne by the Republic of Nauru.

E. **Membership**

9. Membership of the NCC shall consist of the following representatives of the relevant agencies -

Cabinet Minister (as appointed by the President)

Secretary for Justice
Secretary for Finance
Secretary for Foreign Affairs
Vice-Chairman, Nauru Agency Corporation
Nauru's Permanent Representative to the United Nations

F. Chairman of NCC

10. The Cabinet Minister appointed to the NCC shall be the Chairman of the NCC.

G. Contact Points

- 11. The above listed representatives of each member agency shall be the central contact point within their agency for communication with other NCC members.
- 12. The central contact point persons shall relay all communications between member agencies and the NCC and ensure that the agency they represent is kept abreast of developments of other NCC members and vice-versa.
- 13. The NCC has nominated the Secretary for Finance as the primary contact point for liaison with the APG. This contact point nominee shall ensure that the NCC and APG are kept abreast of each others' activities.
- 14. The NCC has appointed the Secretary for Justice as the focal point for matters relating to the OPCW of the Chemical Weapons Convention.

H. Changes to Terms of Reference

- 15. These terms of reference are subject to such changes as may be necessary and as approved by Cabinet."
- (iii) The Hon. David Adeang (Minister for Finance) made the following statement on "The National Reform Budget":-

"Mr. Speaker, I want to report to this august House that as I had indicated at our Angam sitting, I commenced on Wednesday, 3 November a series of meetings in the districts to hold Budget information sessions in order to raise public awareness of the National Reform Budget, and some of its implications for our people's daily livelihood.

I am pleased to report that the sessions, which covered all districts on Nauru, most held individually and others collectively, were well attended, with evident representation of a wide cross-section of the communities, young and old, male and female. Discussions were largely productive, if at times exuberant, with most concerns reflecting a certain trepidation about new customs duties and the reduced provisions for land rentals. Whilst acknowledging these concerns, your government remains steadfast in its commitment to stand by the National Reform Budget, but ready also to exercise flexibility.

- to adjust duties insofar as it may be necessary to achieve revenue expectations; and
- to make additional cash payments towards land rentals if additional cash reserves

permit, otherwise the balance may have to be settled by bank cheque.

Mr. Speaker, I want to thank those Honourable Members who assisted the sessions by agreeing to convene their communities at the agreed time and places, by attending, by assuming the role of MC, and in some cases, by voicing their support for the National Reform Budget. I thank also those members of their respective communities who were asked, and agreed to open and close the sessions with Prayers.

I am indebted also to the Nauru Media and the Department of Works for their logistical and other support.

Let me at this time take the opportunity to re-state the government's continued intention to undertake public consultations for the next financial year's Budget but, this time, ahead of its parliamentary passage and perhaps with some improvements to the process. This is the intention of your government; the wish of the people, and in the interest of Nauru; and it will be implemented. Thank you."

(iv) The Hon. Frederick Pitcher (Minister for NPRT) made the following statement on the sale of Nauruan properties :

"Thank you Mr. Speaker. I wish to make a statement in my capacity as Minister responsible for the Trust.

Honourable Members, it is my duty to inform you and the country that last Friday, 19th November contracts of sale were exchanged for the two remaining Trust properties in Melbourne under GE receivership.

While GE have yet to inform the Trust officially, media releases in Australia have announced the sale of both the Savoy Park Plaza Hotel as well as Nauru House, with settlement for both sales expected before January. For the information of Members, the Super Board's property, the Downtowner Hotel, was sold two weeks ago by the receivers.

It may be a source of disappointment to many Nauruans that previous Governments had failed to refinance the GE facility since it expired in January of this year, despite their spending almost \$10 million trying. It is, however, worthy to note that despite these costly efforts, GE and its receivers had steadfastly refused to negotiate with either the Trust or any of the proposed refinanciers, and continued the property liquidation unabated.

For the information of Members, this current government did entertain offers of refinancing, including negotiations we undertook with a potential financier as late as last Friday, but we did so with the understanding that it was most likely too late to change the outcome that GE had intended from day one.

Indeed, the information I received was that Nauru House had in fact been sold a number of weeks ago to the Queensland Investment Corporation, but that the receivers had delayed announcing the sale until after the Downtowner and Savoy had been sold.

In any case, for better or for worse, the liquidation process has been completed, and with the sale of these remaining properties, the Trust will have effectively paid off all its debt to GE, and will still have a substantial residual left over.

After clearing off all the Trust's urgent debts and liabilities outside of GE, and taking into account the value of properties that will still remain under NPRT control, I expect that a completely debt-free Trust will be left with a portfolio of around \$100 million.

This government had the foresight to prepare for this eventuality. In recent weeks we have been enlisting the help of experts to assist us in developing alternative options for the future of these remaining Trust funds. The options we are working on will eventually be discussed with all stakeholders in the coming weeks, and, taking into account their views and advice, we hope to have the final arrangement in place by January next year.

Mr. Speaker and Honourable Members, it is indeed distressing that our investment portfolio has been reduced to this, and it may be particularly depressing to many Nauruans that Nauru House, a Melbourne landmark and once a symbol of our empire has been sold. But I would ask that you keep in mind that it was the decision of GE to sell the properties under their control, not me and not this government. We instead prepared ourselves for this prospect by putting in motion plans for the future of the remaining funds. I believe that this was the most responsible action to take, rather than spending many more millions of dollars trying to refinance the debt and fight GE in what would be a losing battle.

It is important to note that NPRT will soon be completely debt-free and unencumbered, and that the size of the residual expected is due in no small part to the exceptional prices we have obtained for the properties sold by PPB. Nauru House was sold for \$20 million more than our consultants Ernst & Young recommended last year. In fact, based on our own valuations done in 2002, GE have managed to sell all the properties under receivership for more than \$40 million above what we had expected.

Honourable Members, as I have mentioned before, the task has befallen this generation and this government to decide what to do with the remnants of our Trust funds. The manner in which the residual funds are managed will, of course, be a joint decision with landowners, but it is my hope that we can come to an agreement that benefits, not only this generation of landowners, but also protects the interests of future generations. Thank you."

Mr. Harris (Aiwo) moved that the statement be noted.

(v) The Hon. Baron Waqa (Minister for Education) made a statement to the House on the "Footpath Project" as follows:-

"Mr. Speaker, I would like to apprise this august House on a project the Education Department has embarked on which will be spread over three years.

The project is in its early stages where a strategic plan for education for Nauru is developed before implementation. The plan is appropriately named "Footpath", which signifies the importance of paying the way forward for the future of the children of this nation.

Footpath has been developed by consultation with all stakeholders. Last week, a two day workshop with parents, members of civil society, teachers and officers of my department was held. Consultations are continuing with other stakeholders such as Ministers and with other departments.

Speaker, I am pleased to say that the level of interest by the general public was great. Over 130 people contributed to the development of the plan.

The consultations revealed that people were most interested in issues dealing with curriculum, teachers, community and parent involvement, scholarship and what parents

wanted and expected for their children from schools.

Footpath will address these issues by introducing changes to our education system that will align curriculum, pedagogy (the way that teachers teach) assessment and standards.

I have had my department prepare a draft plan on these changes which will be finalised and tabled for discussions.

Generally, people wanted a curriculum that equips their children to survive locally and globally; they wanted training and refresher courses for teachers at all levels to ensure and strengthen quality delivery and service to students.

The information collected will be incorporated in the Footpath Strategic Plan. This plan will go to PRIDE, a regional administrative body established to assist each participating country with their strategic plans and implementation, for approval by the end of February. Once accepted, PRIDE will be able to fund education projects almost immediately. We expect about \$60,000 will be available before July 2005.

We have prepared a curriculum development plan for which we are seeking funding of about \$200,000 over the next couple of years. PRIDE will assist us in seeking these funds from donors.

I also wish to advise Parliament that Mr. Michael Longhurst has commenced duties as Director of Education. Michael is funded by AusAID and will be here for 12 months with the possibility of an extension for another 12 months.

His duties include curriculum development, teachers training and preparing funding submissions. With that, Mr. Speaker, I thank you."

(vi) The Hon. Dr. Kieren Keke (Minister for Health) made a statement on the arrival of a medical team from the People's Republic of China as follows"-

"Mr. Speaker and Honourable Members, it is my great pleasure to officially confirm to this House that the Government of the People's Republic of China has responded most favourably to a request for assistance from Nauru for a medical team.

The team is expected to arrive this coming Monday, 29th November.

The team consists of 6 medical staff -

- 1. A/Professor Chengsong He specialist in rehabilitation medicine, currently Head of Department of Rehabilitation Medicine at La Zhou Medical College Hospital.
- 2. A/Professor Ling Cao specialist Nephrologist (kidney specialist) currently Associate Chief Doctor of the Renal Department at La Zhou Medical College Hospital.
 - 3. Dr. Zhiwei Guo Dentist and Maxilesfacial plastic surgeon.
 - 4. Wang Guojun Pharmacist
- 5. Hualin Tao Laboratory Technician, currently Associate Head of Department of Laboratory Medicine at La Zhou Medical College Hospital.
 - 6. Wu Junhui Radiographer

The team will also be accompanied by one interpreter and two managers.

The six medical team will be on Nauru for one year.

The team will also bring with them a considerable amount of essential medicines. There are over 100 different items on the list of medicines to come.

On behalf of government and the people of Nauru, I would like to express our sincere gratitude to the Government of the People's Republic of China.

I also wish to acknowledge the work of the Embassy of the People's Republic of China on Nauru in arranging the arrival of this team. Thank you Mr. Speaker."

(vii) The Hon. Godfrey Thoma (Minister for Justice) made a statement on an appeal from the Supreme Court of Nauru as follows:-

"On the 10th of this month, the Acting Secretary for Justice flew to Australia to attend an appeal from our Supreme Court to the High Court of Australia. The appeal touches on the validity of the two processing centres for asylum seekers that we have on the island. The Supreme Court of Nauru ruled that the asylum seekers are being held legally under the laws of Nauru. The appeal claims that the asylum seekers are being detained and held illegally.

Representing us before the High Court was Peter Hanks, Q.C., including 2 other barristers and the Acting Secretary for Justice. All legal costs including the Acting Secretary for Justice's airfares were met by DIMIA as stipulated under the MOU.

By way of a preliminary stance, our lawyers brought in a constitutional issue which primarily was - that the Treaty that initiated the High Court of Australia to be the last appellate court of Nauru was against the Constitution of Australia. That being so, Australia did not have the power to enter into such a treaty with Nauru.

The basis of this argument was to show that the High Court of Australia could not hear appeals from the Supreme Court of Nauru.

The hearing was before the full panel of the High Court of Australia. The full panel means 7 judges, with the Chief Justice of Australia Gleeson presiding. Arguments from both sides took a full day to complete. There was great consternation shown by the High Court, especially through Justice Kirby, as to why the Australian Government Solicitor did not attend the hearing. But that is an issue that can only be answered by the Attorney-Generals Department of Australia. After arguments were heard, the court was adjourned and the decision on this preliminary issue is expected to come out within 3 to 6 months.

It is stressed that this hearing is only for the preliminary constitutional issue raised by our lawyers. A proper appeal will be heard only if we lose on this preliminary issue and that could take place late next year."

(viii) The Hon. Dr. Kieren Keke (Minister for Shipping) made the following statement on shipping services to Nauru:-

"Honourable Members, I wish to provide information for the benefit of Members and the public regarding the delay in the ship expected in December and some plans for the upgrade of the shipping port facility.

Nauru's general cargo shipping services have been ably provided by Neptune Shipping for close to 18 months now and they have proved to be regular and reliable shipping.

However, the scheduled voyage of Capt. Fearn to Nauru, which was expected to arrive in the week just before Christmas, has had to have been postponed.

Neptune Shipping have informed me that the decision to postpone the voyage was

unfortunately made at short notice as they have bookings for Nauru cargo of only 5 containers and importers could not provide a forecast of exactly how much cargo would be booked. At the same time, they also had bookings for Fiji of about 100 cargoes exceeding the scheduled ship's capacity. So Neptune have included a call in to Suva by the Capt. Fearn to clear the excess cargo there whilst allowing time for more cargo for Nauru to be booked and then will proceed on to Nauru about 2 weeks behind schedule.

Although this in effect only causes a delay of about 2 weeks, it has meant that due to the short notice given to Nauruan businesses and importers, many have not been able to cater for this delay in the volume of their supply orders. It also means that cargo that was expected to arrive in the week just before Christmas will now arrive in the second week of January.

The delay and the lack of notice to increase orders may mean that some basic commodities will run low or run out. Your government is providing you this information so that you may plan accordingly and try to conserve the basic food items until the arrival of the next ship in early January.

I wish to take this opportunity to inform Members that your government is in communication with Neptune Shipping and will be meeting with their representatives in early January in order to put in place measures to avoid this situation again. Regular and reliable shipping service to Nauru is a crucial life-line and we are constantly monitoring the service and will keep abreast of all available options to ensure Nauru has a secure shipping service.

On this line, the condition of the shipping port at Aiwo has been of major concern to your government. The current moorings and buoys were installed more than 6 years ago and have not been serviced or replaced since. They should have been serviced every two years and the normal practice is to relay or replace them every four years. Former governments failed to attend to this and as a consequence the current moorings are falling apart and we are losing buoys. This puts at risk the ability of our port to have ships anchor and already has reduced our capacity to only being able to handle 10 tonne ships.

With the assistance of a marine engineer provided by AusAID, Mr. Lloyd Honeycomb, NPC and government have been assessing options for the repair or upgrade of the shipping port. The preferred option is to do away with current expensive and high maintenance mooring and buoy system and to replace this with a berthing wharf which ships can tie up against on the edge of the reef. This option is safer and requires much less maintenance and will enable direct loading and unloading from the wharf onto and off the ship. Your government is in discussions with the Australian government on funding options for this project which we hope will begin as soon as possible aiming at completion by about June or July next year. I will keep Members updated of progress." Mr. Akua (Anabar/Ijuw/Anibare) moved that the statement be noted.

(ix). The Hon. Godfrey Thoma (Minister for Fisheries) made the following statement on the Authority and its activities:-

"Mr. Speaker and Honourable Members, as the Minister responsible for the Nauru Fisheries and Marine Resources Authority, I would like to take this opportunity to give this statement on the Authority.

1. Disbursement of funds since the establishment of the Nauru Fisheries and Marine Resources Authority.

The total amount that was paid over the past 7 years since October 1997 to June 2004 to the Authority from the licensing of foreign fishing vessels to fish in Nauru's 200 mile exclusive economic zone is \$47 million.

Of this amount, an amount of about \$21 million was utilised by the Authority over the past 7 years for operational and fisheries development expenses, at an average of \$2.4 million per year. Twenty six million dollars (\$26 million) was paid to government as dividends in the past 7 years.

The major expenditure items met by the Authority, besides the salaries of employees, include the construction of the Nauru Fish Market, the purchase of the two long time fishing vessels, the purchase and deployment of fish aggregating dvices (FAD's), the overseas training costs of staff undertaking degree courses at the University of the South Pacific in Fiji as well as in New Zealand, the current construction of the Fisheries Research and Development building complex in Anibare and the Nauru Fisheries Corporation offices building at the Fish Market site in Aiwo, and the various plant and equipment such as vehicles, computers and construction equipment.

I would like it to be noted also that the Authority has in the past been required by government to carry out projects such as the Millenium Celebrations in 2000, the Pacific Islands Forum and related meetings in Nauru in 2001, the renovations to the Nauru General Hospital, and the provision of funds on several occasions to Nauru Air Corporation and Nauru Phosphate Corporation.

I would also like it to be noted that the Authority worked to a five-year plan over the period 1996 - 2001 under the "National Fisheries Development Strategy 1996-2001", which, in my opinion, would have been the only government instrumentality to use such a medium to long term planning strategy. The Authority achieved most of the projects under the National Fisheries Development Strategy which include new fisheries legislation through the enactment of the Fisheries Act 1997, the Fisheries Regulations 1997 and the Sea Boundaries Act 1997, the establishment of the Nauru Fisheries and Marine Resources Authority through the enactment of the Nauruan Fisheries and Marine Resources Authority Act 1997, the construction of the Anibare Community Boat Harbour, the undertaking of trial and training in long line fishing operations, and also the development of the skills of the employees through in-country and overseas training courses.

2. Nauru Fisheries Objectives and Strategies 2003-2010

The Authority has approved in principle a seven-year set of objectives and strategies from 2003 to 2010, which is called the Nauru Fisheries Objectives and Strategies 2003 - 2010. There are 8 objectives under the National Fisheries Objectives and Strategies, which are -

(i) to promote human resource development through appropriate fisheries

educationl and training programmes;

- (ii) to promote and facilitate the development of a commercial fishing industry to generate revenue from the export of fish and fish products;
- (iii) to develop an effective monitoring, control and surveillance capability through national programmes and through co-operation with other Forum countries in the region;
- (iv) to promote and facilitate the development of the private sector in fisheries related activities;
- (v) to achieve a cost effective, productive and efficient management of the Authority;
- (vi) to undertake and implement fisheries development projects through national programmes or in association with donor countries and agencies such as JICA and OFCF of Japan, Food and Agriculture Organisation (FAO), Forum Fisheries Agency, Forum Secretariat and its other agencies;
- (vii) to implement and enforce conservation and management measures for the coastal and in-shore fisheries and the marine environment;
- (viii) to partake effectively in international, regional and sub-regional fisheries meetings and conferences.

In terms of human resources development, the Authority currently has staff undertaking degree courses in fisheries and marine studies in Fiji and information technology in New Zealand, through AusAID scholarship schemes and with funding assistance from the Authority for subsistence expenses, as well as full funding for two staff members at any time in each year.

The Authority also provides funding assistance for its staff members undertaking extension courses through the USP Centre in Nauru.

The Authority has and will continue to involve the public sector in fisheries training courses, both in-country and overseas.

The Authority has and will continue to provide fisheries awareness training lectures and presentations at schools from kindergarten to secondary school levels as well as the Nauru Vocational Centre and the Youth Affairs Department.

In terms of developing the commercial fishing operation in Nauru for the export of fish, the Authority has embarked in trial operations in the long line fishery and has already exported several shipments of tuna to Japan over the past year.

The two long line vessels are currently out of operation due to mechanical and structural problems and the Authority will be carrying out repairs with the assistance of OFCF of Japan for the "Victor Eoaeo II" for major overhaul on the two main engines, the replacement of the generator, refrigeration and the navigation and electronic systems for completion by March 2005. The repair to the "Austin Bernicke II" is in the hydraulic system after the structural repairs to the hull last October 2004. Most of these damages were incurred during the Flotilla of Hope surveillance operation and should be back in operation during December 2004.

The Authority has been engaged in talks with Kiribati, Marshall Islands and Tuvalu for a sub-regional arrangement to co-operate in commercial fishing operations as well as the training of personnel in fishing operations and fishing skills, and in the sharing of monitoring, control and surveillance assets such as patrol boats. The talks

are still on-going.

In terms of fisheries development projects, the Authority has been working closely with OFCF and JICA of Japan, and some of the fisheries projects from these two organisations in the past have been the supply of the two search and rescue boats, the VHF and HF radio systems, the training of personnel in engineering trades, and the construction of the Anibare Community Boat Harbour by JICA under grant aid.

The SPF, which is based in Noumea, has in the past assisted with the procurement and development of Fish Aggregating Devices (FAD's), the training of personnel in aquaculture and coastal fisheries and training in fish processing and handling skills.

I am pleased to advise that the SPC will be providing to Nauru 6 FAD's and a deep sea echo sounder in January 2005, in response to Nauru Government's request to the Forum earlier this year for Forum assistance.

The FAO similarly will be providing an aquaculture expert as part of the FAO technical assistance programme to Nauru for the placement of experts in Nauru. The Authority looks forward to the commencement early next year of the milk fish farm project with the People's Republic of China.

I would like to take this opportunity to thank the Government of the People's Republic of China for undertaking this project and also to express appreciation to SPC and FAO for their fisheries technical assistance to the Authority.

The Authority gives priority to completing the construction of the Anibare Fisheries Research and Development building complex and aims to complete the first level for occupancy by June 2005.

The Nauru Fisheries Corporation new offices complex at the fish market site in Aiwo should be ready for occupancy by NFC staff by end of this year.

Both the Anibare Fisheries Research and Development complex and the NFC offices complex in Aiwo are intended to achieve cost savings in the long term through centralising the offices of the Authority and NFC.

In terms of effective participation of the Authority in international, regional and sub-regional fisheries meetings and conferences, I am pleased to inform the House that Nauru has been an active participant in all the Forum Fisheries Agency meetings such as:

- (i) the Forum Fisheries Committee
- (ii) the Parties to the Nauru Agreement (PNA)
- (iii) the Parties to the Federated States of Micronesia Agreement
- (iv) the Parties to the Palau Agreement
- (v) the US Multilateral Fisheries Treaty; and
- (vi) the series of mulilateral high level conference and preparatory conference processes over the past 7 years which culminate in the first meeting of the Commission for the Western and Central Pacific Convention which will be held in Pohnpei, Federated States of Micronesia from 6 11 December 2004, in which Nauru will be represented by representatives of the Department of Foreign Affairs and the Authority.

3. Nauru Fisheries Corporation

The business operations of the NFC is being reviewed with the assistance of

business experts from OFCF of Japan under the project title of "Project for Improvement of the Fish Market Management and Domestic Sales". The project is scheduled to commence in January 2005 onwards through putting in place an annual operation plan and a strategy of strengthening business relationship with the local fishermen to supply fish to the fish market for domestic consumption.

In addition to the long line fishing operations being undertaken by NFC to generate fish supplies to the local market and for the export market, NFC will also look at the feasibility of going into purse seine fishing operations in the future, in joint venture with a foreign fishing entity or through operating national/domestic purse seine fishing vessels.

4. Fisheries Management Principles

Mr. Speaker, I would like to reiterate the management principles as set out in Part II of the Fisheries Act 1997, which state in part as follows:-

"Section 4(1) - Subject to this Act and to any policy directions of the Minister, the utilisation, management, development, conservation and protection of all fish in fisheries waters is the responsibility of the Authority"; *and*

"Section 4(2) - The Minister, the Authority, or any other person exercising powers and performing functions under this Act shall have regard to -

- (a) the principle that Nauru's fisheries and marine resources shall be managed, developed, conserved and protected as a sustainable asset for future generations; and
- (b) the sustainable utilisation of the fisheries and marine resources of Nauru to achieve economic growth, improved social standards, improved nutritional standards, human resource development, increased employment and a sound ecological balance; and
- (c) the dependence of the people on the fish and marine resources of fisheries waters for their food and livelihood; and
- (d) the need to avoid adverse impacts on the marine environment, to preserve bio-diversity, to maintain the integrity of marine ecosystems and to minimise the risk of long term or irreversible effects of fishing operations."

that the Authority, in its first 7 years of existence, is working towards meeting the management principles espoused in the Fisheries Act 1997. Thank you Mr. Speaker."

(x) The Hon. Dr. Kieren Keke (Minister for Rehabilitation) made the following statement to the House:-

"Mr. Speaker and Honourable Members, I wish to update the House on two issues of concern affecting the progression of the mining and rehabilitation trials.

Firstly, the Members would be aware Nauru Rehabilitation Corporation (NRC) receives its funding from the NACOS funds which are disbursed by AusAID.

In the last financial year, up to June 2004, Rehab. was receiving anywhere from \$150,000 to \$180,000 a month to cover salaries and its operational costs. Since the beginning of this financial year in July 2004, AusAID dramatically cut the disbursements to \$50,000 a month. AusAID's reasoning was that there was no agreed budget and work plan for Rehab. in place and AusAID expressed serious concerns regarding the staffing levels and certain operations of Rehab.

As a consequence, I regret to inform the House that Rehab. has been unable to maintain full salaries and land lease payments and it has also affected the operations of Rehab. Last week I had a meeting on Nauru with the Director of Nauru Desk from AusAID after writing a letter to him the week before. I am hopeful of getting a response shortly from the Australian government that will address this shortage in funds available for Rehab. and that will allow a return to full salary, land lease payments and normal operations.

During the meeting it was agreed that government would undertake a detailed review of the organisation, staffing, management and operations of Rehab. in order to focus it to its main task of rehabilitation and to cut unnecessary costs where possible.

The second main issue affecting the Rehab. trials is the poor performance of the company contracted to undertake the trials, Soiltech. Previous Boards of Rehab. had proposed that Rehab. would undertake the trials themselves. However, the former Chairman decided to contract the works to a separate company. In a tendering process that has some doubts, the contract was awarded to a little known company, Soiltech, involving a General Manager, Philip Norton, who is also unknown by others in the industry and has a principal in the company, a Mr. Prem Raj, who has also been involved in various other deals with Nauru arranged by the former Chairman of Rehab. The contract was for AUD1.71 million.

It is unfortunate to note that it appears that Soiltech have failed to keep to the time-frame set in the agreement and worse, have not managed to mobilise on Nauru all the heavy equipment required for the trials in accordance with the contract. I was most saddened to sit on the boat harbour on the weekend and watch the large mobile crusher that had finally arrived in Nauru waters from England, sitting on the ship and set sail without unloading simply because Soiltech failed to pay the freight which is said to be only about \$25,000.

These apparent failures of Soiltech in keeping to the contract are most unfortunate in that it has led to significant delays in the mining and rehab. trials.

Myself, along with the Chairman, Board and management of Rehab. are assessing the situation in detail and are looking to ensure the trials go back on track as soon as possible.

The mining and rehab. trials are seen as a high priority by your government, as the results will dictate the technique used for future rehab. of lands on topside, will determine the future of phosphate mining on Nauru and thus, the future of workers in NPC as well as many other crucial issues for Nauru's long term sustainable development.

Your government will do all it can to ensure that the trials progress expeditiously and will provide results we can rely on and trust. I will keep Members informed on progress of the Rehab. trials. Thank you.

(xi) The Hon. David Adeang (Minister for Finance) made a statement on "Advanced Payments from the Government of the Cook Islands, as follows:-

"Mr. Speaker, with your kind indulgence and further to earlier statements, I want to inform this august House that after a request was made by your government, the Government of Cook Islands had availed an advanced payment of a repayment that would normally fall due by 31 December 2004; that is, the sum of NZD915,118 was availed in repayment of a loan made by RONFIN to the Cook Islands.

After another request by your government, the Cook Islands has agreed again to make an advance payment of a repayment normally due on 30 June 2005, that is the sum of NZD915,118 will be availed.

At the same time, at the request of your government, the Cook Islands is attending to the matter of advancing the remaining repayments, due 31 December 2005 and 30 June 2006.

Mr. Speaker, let me take this opportunity to extend the heartfelt appreciation of the government and people of Nauru for the responsive assistance of the Cook Islands at this time of hardship for the people of Nauru. Thank you.

(xii) Mr. Dabwido (Chairman of the Select Committee on Passport Sales) made the following statement:-

"Mr. Speaker, I wish to inform this august House that the Select Committee on Passport Sales has been constituted and the first meeting of the Committee was held on 15th November 2004.

I am privileged to inform the House that in this meeting I was elected as the Chairman of the Committee and Hon. Riddel Akua as its Deputy Chairman. The Committee has already commenced its examination of the subject and it endeavours to present the report within the stipulated time frame of 3 months. The 'call for submission' has already been issued. I am happy to report that the response from the civil society after the issue of the submission has been encouraging.

The vital information from the Department of Foreign Affairs and Department of Immigration has also been sought and the Committee will proceed further after the information is received.

I, as the Chairman of the Committee, also held an informal discussion on behalf of the Committee with Mr. Alex Ke and Mr. Kevin Lai, two Thai Nationals who are also holding the dual passports of Nauru. The Nauruan passports held by these two gentlemen were sold in the beginning of this year. Vital information that was extracted in this informal meeting will be valuable to this Committee.

I can assure this House that the Committee will be very fair and unbiased in its inquiry and recommendations. Thank you Mr. Speaker."

(xiii) Mr. Tabuna (Chairman of the Printing Committee) made the following statement: "Mr. Speaker, I wish to make a statement on behalf of the Printing Committee of the Parliament of Nauru.

The Printing Committee of the Parliament has been lying dormant for quite some time now. In its inaugural meeting of the Printing Committee held recently I was elected as the Chairman of the Committee and Hon. Valdon Dowiyogo as its Deputy Chairman. The Printing Committee in its first meeting took several decisions to make the Committee viable and worthwhile. The Committee will work in unison with the House Committee of the Parliament and will generate documents and souvenirs which could be sold at the proposed parliamentary sales counter. Once, the second addition to the Practice and Procedure of the Parliament of Nauru is ready, the Committee will also undertake the printing of the second edition of the same.

Any suggestions from the Members for making this Committee more active are welcome. Thank you Mr. Speaker."

(xiv) Mr. Akua (Chairman of the Privileges Committee) made the following statement to the House:-

"Honourable Speaker, I stand here to make a statement regarding the constitution of the Committee of Privileges of the Sixteenth Parliament.

I feel obliged to inform the House that the Committee of Privileges of the new Parliament has been constituted and I have been elected as the Chairman of the Committee. Hon. Valdon Dowiyogo has been duly elected as its Deputy Chairman. Offhand, the Committee has no subject before it for inquiry, but I can assure this august House that any complaint referred to the Committee for inquiry will be done in the most unbiased manner and for upholding the dignity of this House. Thank you Mr. Speaker."

9. **Motion**

The Hon. Godfrey Thoma (Minister for Justice) moved that motion No. 1 on the notice paper be adjourned to the next sitting. Question put and passed.

10. **Motion - Leave Sought for**

The Hon. David Adeang (Minister for Finance) sought leave of the House to move a motion.

Leave was granted.

11. Motion - Nauru Fisheries & Marine Resources Authority (Amendment) Bill 2004

The Hon. David Adeang (Minister for Finance) moved to present the Nauru Fisheries & Marine Resources Authority (Amendment) Bill 2004.

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

First Reading

The Bill was presented and read a first time.

12. **Motion**

The Hon. David Adeang (Minister for Finance) moved that the Bill be now read a second time.

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

Second reading speech ensued.

In accordance with Standing Order 159, further debate on the Bill was adjourned to a

future date.

13. **Motion - Suspension of Standing Order 159**

The Hon. David Adeang (Minister for Finance) moved that Standing Order 159 be suspended in order to enable the Bill to be read a second time.

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

Question put and passed.

Debate ensued.

Question put and passed.

The Bill was read a second time.

14. **Motion - Leave Sought for**

The Hon. David Adeang (Minister for Finance) sought leave of the House to move for the third reading of the Bill.

Leave was granted.

15. **Motion - Third Reading**

The Hon. David Adeang (Minister for Finance) moved that the Bill be now read a third time.

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

Question put and passed.

The Bill was read a third time.

16. **Motion - Leave Sought for**

The Hon. David Adeang (Minister for Finance) sought leave of the House to present the Customs Tariff (Amendment) Bill 2004.

Leave was granted.

17. Motion - Customs Tariff (Amendment) Bill 2004

The Hon. David Adeang (Minister for Finance) moved to present the Customs Tariff (Amendment) Bill 2004.

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

First Reading

The Bill was read a presented a first time.

18. **Motion - Second Reading**

The Hon. David Adeang (Minister for Finance) moved that the Bill be now read a second time.

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

Second reading speech ensued.

In accordance with Standing Order 159 further debate on the Bill was adjourned to a future date.

19. **Motion - Suspension of Standing Order 159**

The Hon. David Adeang (Minister for Finance) moved that Standing Order 159 be suspended to enable the second reading of the Bill to proceed forthwith.

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

Question put and passed.

Debate ensued.

Question put and passed.

The Bill was read a second time.

20. **Motion - Leave Sought for**

The Hon. David Adeang (Minister for Finance) sought leave of the House to move for the third reading of the Bill.

Leave was granted.

21. **Motion - Third Reading**

The Hon. David Adeang (Minister for Finance) moved that the Bill be now read a third time

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

Question put and passed.

The Bill was read a third time.

22. Motion Fixing the Date for the Next Sitting

His Excellency President Ludwig Scotty, M.P., moved that Parliament at its rising do adjourn until a time and date to be fixed by the Chair.

The Hon. David Adeang (Minister for Finance) seconded.

Question put and passed.

23. Leave of Absence Sought

The Hon. David Adeang (Minister for Finance) sought leave of absence for Mr. Ribauw (Ubenide) and Mr. Dowiyogo (Ubenide) who were both overseas, and for Mr. Stephen (Ewa/Anetan).

Leave was granted.

24. **Adjournment**

His Excellency the President moved that the House do now adjourn. Debate ensued.

Question put and passed.

And then the House at thirty-five minutes past eight o'clock p.m. adjourned until a time and date to be fixed by the Chair.

Members Present

All Members were present at some time during the sitting, except -

- " Mr. Ribauw
- * Mr. Dowiyogo
- * Mr. Stephen

John Garabwan **Deputy Clerk of Parliament**

*Leave of absence